



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY
Monday May 01, 2017

BONDS COMMENTARY

05/01/17

Had the news for strong rally but running out of fuel

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
BONDS -60



Treasuries saw some early upside follow-through from last Friday's sizable rebound, but prices have slid back into negative territory coming into this morning's action. Global risk appetites remain lukewarm coming into May, and were given further pause for thought following a set of "official" April Chinese PMI readings that came in below forecasts. Reports that a deal has been cut to fund the US government through September has removed a potential "risk event" from the horizon, although the North Korean situation continues to simmer following their weekend missile test. This week's FOMC meeting will shadow the market early this week and while the Fed is unlikely to change policy after mixed results with recent US data, they should still send a strong signal that two more rate hikes are on the cards by year-end. While many markets in Asia and Europe are close for a holiday today, early strength in Japanese and US equities could put additional pressure on Treasuries this morning. The North American session will start out with March personal income which is expected to see a modest downtick from February's +0.4% reading. The April ISM manufacturing index is forecast to have a moderate downtick from March's 57.2 reading. March construction spending is expected to downtick from February's 0.8% reading. During the session, April motor vehicle sales figures will be released which are forecast to see decent improvement from March's 16.6 million annualized rate.

The Commitments of Traders Futures and Options report as of April 25th for U.S. Treasury Bonds showed Non-Commercial traders were net long 29,584 contracts, an increase of 54,445 contracts which represents a change from a net short to net long position. Non-Commercial and Nonreportable combined traders held a net long position of 14,004 contracts. These traders have gone from a net short to a net long position. For US Treasury 10Yr Notes, Non-Commercial traders were net long 221,842 contracts, an increase of 190,284 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 57,651 contracts. These traders have gone from a net short to a net long position and as of January 10th, held a record net short position of 642,000 contracts.

TODAY'S MARKET IDEAS:

The market got a good boost from the weak GDP reading on Friday but the impact was minimal and the upside momentum seems to be waning. Large and small specs combined have shifted from a record net short position in T-notes in January to a net long position now so the short-covering fuel may be out. June T-note resistance is at 125-28 with 125-03 and 124-20 as critical support. June T-bond close-in resistance is at 153-08 and 153-22, with 151-26 and 150-21 as critical support.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/18/2017 - 4/25/2017					
Non-Commercial		Commercial		Non-Reportable	
Net Position	Weekly	Net Position	Weekly	Net Position	Weekly

		Net Change		Net Change		Net Change
Financials						
Bonds	29,584	+54,445	-14,003	-61,401	-15,580	+6,957
T-Notes	221,842	+190,284	-57,650	-184,603	-164,191	-5,681

BONDS TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

BONDS (JUN) 05/01/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal up is a positive indicator that could support higher prices. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 151-170. The next area of resistance is around 153-170 and 153-280, while 1st support hits today at 152-120 and below there at 151-170.

10 YR TREASURY NOTES (JUN) 05/01/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 125-045. The next area of resistance is around 125-295 and 126-020, while 1st support hits today at 125-150 and below there at 125-045.

STOCKS COMMENTARY

05/01/17

Very overbought and market avoiding weak economic news

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
S&P 500 +440

The Chinese government released "official" April manufacturing PMI and April non-manufacturing PMI readings over the weekend, with both numbers coming in lower than expected. A US government shutdown may be avoided for now as a funding deal was reportedly reached through September. Many markets in Asia and Europe are on holiday today, although the Japanese Nikkei posted a moderate gain as it continues to benefit from a weaker Yen. Global markets started Friday with a positive tone, but then took a negative shift heading into the weekend. Risk sentiment was already subdued following weaker than expected results for French and UK GDP. However, first quarter US gross domestic product reflected the lowest growth rate in 3 years while a key private survey of consumer sentiment came in lower than forecasts.



The North American session will start out with March personal income which is expected to see a modest downtick from February's +0.4% reading. The April ISM manufacturing index is forecast to have a moderate downtick from March's 57.2 reading. March construction spending is expected to downtick from February's 0.8% reading. During the session, April motor vehicle sales figures will be released during the day which are forecast to see decent improvement from March's 16.6 million annualized rate. Earnings announcements will include DISH Network, Cardinal Health and Loews before the Wall Street opening while Edison International, Noble Energy and Agrium report after the close.

S&P 500: Strong earnings have helped to support momentum in the stock market but with weaker than expected economic news in China over the weekend and French, UK and US GDP readings weaker than expected, the market may soon take notice. Tax reform support is being reduced to fumes as expectations on what might be, and when the final result might be seen are watered down. The Commitments of Traders update as of April 25th for E-Mini S&P 500 showed Non-Commercial and Nonreportable combined traders held a net long position of 67,098 contracts, down a significant 71,443 contracts in just one week. Close-in resistance for June E-mini S&P today is seen at 2386.25 and then 2394.75. Look for pullback to at least initial support levels of 2367.25 and

2358.75.

Other US Indexes: The mini Dow forged a strong rally in the last few weeks as earnings and tax cut hopes have helped to support. With the sluggish economic news, the market focus may shift away from tax cuts if traders see the timing as too far in the future and the market may be set for a corrective break. Look for key support for the June mini Dow at 20,742 with close-in resistance at 20,930. The short-term bias remains up in the June Mini NASDAQ but the overbought condition suggests that bulls remain cautious and watch for signs of a near-term peak.

The Commitments of Traders Futures and Options report as of April 25th for Dow Jones Index \$5 showed Non-Commercial traders were net long 64,922 contracts, a decrease of 2,274 contracts. The Commercial traders were net short 67,048 contracts, a decrease of 4,271 contracts. The Nonreportable traders were net long 2,125 contracts, a decrease of 1,998 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 67,047 contracts. This represents a decrease of 4,272 contracts in the net long position held by these traders.

The Commitments of Traders Futures and Options report as of April 25th for Nasdaq Mini showed Non-Commercial traders were net long 113,412 contracts, an increase of 8,429 contracts. The Commercial traders were net short 111,410 contracts, an increase of 6,779 contracts. The Nonreportable traders were net short 2,003 contracts, an increase of 1,651 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 111,409 contracts. This represents an increase of 6,778 contracts in the net long position held by these traders.

TODAY'S MARKET IDEAS:

The market has yet to react to the bearish GDP data of last week as strong earnings continue to support. Positive forces include the renewed focus on tax reform but doubt on the timing and magnitude of the tax reductions looms large in a contentious political environment. Watch for a short-term "back and fill" tone for the stock market.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/18/2017 - 4/25/2017						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
S&P 500	-5,543	+3,204	-2,903	-6,311	8,447	+3,108
E-Mini S&P	115,860	-34,371	-67,097	+71,444	-48,762	-37,072

STOCKS TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

S&P E-MINI (JUN) 05/01/2017: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. The market setup is somewhat negative with the close under the 1st swing support. The next upside target is 2392.62. The next area of resistance is around 2386.00 and 2392.62, while 1st support hits today at 2375.50 and below there at 2371.63.

MINI-DOW (JUN) 05/01/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. The market's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 20958. The next area of resistance is around 20917 and 20958, while 1st support hits today at 20847 and below there at 20818.

E-MINI NASDAQ (JUN) 05/01/2017: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 5609.12. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 5594.50 and 5609.12, while 1st support hits today at 5568.50 and below there at 5557.13.

MINI-RUSSELL 2000 (JUN) 05/01/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The close below the 2nd swing support number puts the market on the defensive. The near-term upside target is at 1427.0. The next area of resistance is around 1410.2 and 1427.0, while 1st support hits today at 1387.2 and below there at 1381.1.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
FINANCIAL COMPLEX										
USAAM7	152-300	51.52	54.73	54.39	45.24	152.68	153.60	153.00	150.93	150.72
TYAAM7	125-220	54.38	56.82	60.06	54.30	125.57	125.88	125.60	124.62	124.50
SPAM7	2380.50	63.53	60.66	71.78	80.19	2383.45	2363.81	2355.57	2359.86	2349.32
EPM7	2380.75	62.50	59.97	71.37	80.06	2383.25	2363.44	2355.64	2359.59	2349.15
TFEM7	1398.7	57.31	56.49	78.93	80.35	1411.48	1391.89	1376.58	1374.95	1377.51
ENQM7	5581.50	76.76	72.67	80.64	89.74	5562.44	5491.08	5449.08	5410.64	5370.39
YMM7	20882	63.69	60.48	67.49	78.92	20907.75	20679.22	20624.11	20705.04	20597.57

Calculations based on previous session. Data collected 04/28/2017

Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
FINANCIAL COMPLEX						
USAAM7	Bonds	151-160	152-110	152-220	153-170	153-280
TYAAM7	10 Yr Treasury Notes	125-040	125-145	125-190	125-295	126-020
SPAM7	S&P 500	2372.07	2375.54	2381.97	2385.44	2391.87
EPM7	S&P E-Mini	2371.62	2375.50	2382.12	2386.00	2392.62
TFEM7	Mini-Russell 2000	1381.0	1387.2	1404.0	1410.2	1427.0
ENQM7	E-Mini NASDAQ	5557.12	5568.50	5583.12	5594.50	5609.12
YMM7	Mini-Dow	20818	20847	20888	20917	20958

Calculations based on previous session. Data collected 04/28/2017

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CURRENCIES COMMENTARY

05/01/17

US government funding deal should support Dollar

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR +28, YEN -255, SWISS -5, CA DOLLAR +0**

Upcoming International Reports (all times CT)

05/01 13 and 26 Week Bill Auction

05/01 Swiss Retail Sales 2:15 AM

05/01 Personal Income 7:30 AM



05/01 Construction Spending 9:00 AM
05/01 ISM Manufacturing Index 9:00 AM
05/01 Japan Manufacturing PMI 6:35 PM
05/02 4-Week BILL Auction
05/02 FOMC Meeting
05/02 Swiss PMI 2:30 AM
05/02 France Manufacturing PMI 2:50 AM
05/02 German Manufacturing PMI 2:55 AM
05/02 Euro-Zone Manufacturing PMI 3:00 AM
05/02 UK CIPS/NTC Research Manufac 3:30 AM
05/02 Euro-zone Unemployment Rate 4:00 AM
05/02 API Energy Stocks 3:30 PM
05/02 Japan Services PMI 6:35 PM
05/02 Japan BOJ Minutes 6:50 PM

DOLLAR: The Dollar is grinding out a modest gain to start out the new trading week, although it remains firmly in the middle of its recent "island" chart formation. An apparent US government funding deal through September has taken one potential risk hurdle out of the Dollar's way as the threat of a shutdown could have sent the Dollar down to new post-election lows. While there is little chance of a rate hike at this week's FOMC meeting after mixed results with recent US data, the Fed should still send out a signal that 2 more rate hikes are on the table for this year. It may be difficult to approach the chart-gap with many global markets still out on holiday, but upside surprises from today's US data should leave the Dollar with the upper hand on most major currencies. Near-term support is at 98.70 as the Dollar is likely to remain on its "island" chart formation until the Fed is heard from later this week. The Commitments of Traders Futures and Options report as of April 25th for US Dollar showed Non-Commercial traders were net long 43,484 contracts, an increase of 82 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 49,014 contracts. This represents an increase of 219 contracts in the net long position held by these traders.

EURO: The Euro has kept within a very tight trading range early this week as Germany, France and Italy are all out on holiday today. There has been some tightening in the polls, but it appears for now that the May 7th French Presidential election second round should go easily to Macron which should keep risk concerns subdued early this week. The Alitalia bankruptcy could rattle sentiment if the airline is wound down but for today, a lack of fresh Euro zone data should keep the Euro clear of last Monday's chart gap. Near-term support is at 1.0882 as the Euro will benefit if risk appetites can improve early this week. The Commitments of Traders Futures and Options report as of April 25th for Euro showed Non-Commercial traders were net short 27,946 contracts, an increase of 7,023 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 22,650 contracts. This represents an increase of 3,264 contracts in the net short position held by these traders.

YEN: The Yen is starting out this week on the defensive as it has reached a new monthly low and broke below its 50-day moving average early this morning. Last Friday's downtick in Japanese CPI and a negative Japanese household spending result are key factors that will keep the Bank of Japan in an accommodative stance. Compared to 2 more Fed rate hikes that are likely this year, and safe-haven support should continue to flow away from the Yen and towards the Dollar. Near-term resistance is at 90.15 as the Yen could grind further to the downside as risk appetites improve.

SWISS: The Swiss initially followed through on last Friday's wide-sweeping reversal, but has rebounded back towards unchanged levels this morning. A much better than expected reading for Swiss retail sales may provide some near-term support, but it may be difficult to regain upside momentum early this week after last Friday's chart failure. Near-term resistance is at 1.0109 as the Swiss looks more likely to make a breakout move to the downside early this week.

POUND: The Pound has shaken off early pressure and remains in close proximity to last Friday's high for the move. While Brexit negotiations have been sidelined until after June's UK election, caustic rhetoric from both UK and Euro zone leaders over the weekend may cause some headwinds for the Pound. Given the positive shift in risk sentiment, however, the Pound may be headed for new high ground early this week. Near-term support is at 1.2912 as the Pound should remain fairly well supported during today's holiday-thinned trading.

CANADIAN DOLLAR: The Canadian has put some brakes on its downdraft, but has plenty of work to do in order to repair recent chart damage. Sluggish energy prices and rising concerns with real estate prices in the greater Toronto and Vancouver areas continue to weigh heavily on the Canadian, which has had few recent positive data

points to provide underlying support. Near-term resistance is at 73.45 as the Canadian is likely to slide down into new low ground early this week unless there is a significant turnaround in global risk sentiment.

TODAY'S MARKET IDEAS:

The Dollar will start out the day with mild strength after the US government funding deal, and should receive an added boost if today's US data can beat forecasts. Unless risk sentiment continues to improve, the Canadian is likely to reach new low ground early this week.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 05/01/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 98.32. The next area of resistance is around 99.14 and 99.40, while 1st support hits today at 98.61 and below there at 98.32.

EURO (JUN) 05/01/2017: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 110.1600. The next area of resistance is around 109.6800 and 110.1600, while 1st support hits today at 108.7700 and below there at 108.3400.

JAPANESE YEN (JUN) 05/01/2017: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 89.42. The next area of resistance is around 90.18 and 90.44, while 1st support hits today at 89.67 and below there at 89.42.

SWISS (JUN) 05/01/2017: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal down puts the market on the defensive. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 101.60. The next area of resistance is around 101.16 and 101.60, while 1st support hits today at 100.50 and below there at 100.27.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
CURRENCY COMPLEX										
DXAM7	98.87	33.80	36.84	19.14	13.99	98.86	99.22	99.92	100.36	100.43
JYAM7	89.92	34.99	43.06	39.10	22.29	90.04	91.06	91.03	89.85	89.62
EU6M7	109.2250	67.95	63.76	75.42	82.37	109.26	108.45	107.56	107.36	107.29
BPAM7	129.70	78.68	72.84	85.15	91.65	129.01	128.60	126.78	125.06	125.11
CAAM7	73.35	19.19	26.22	12.96	10.26	73.51	73.94	74.43	74.73	75.16
SFAM7	100.83	61.07	57.28	68.70	75.48	100.95	100.76	100.28	100.30	100.38
DAAM7	74.81	41.01	42.22	30.55	27.42	0.75	0.75	0.75	0.76	0.76

Calculations based on previous session. Data collected 04/28/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	98.31	98.60	98.86	99.14	99.40
JYAM7	Japanese Yen	89.41	89.66	89.93	90.18	90.44
EU6M7	Euro	108.3400	108.7700	109.2500	109.6800	110.1600
BPAM7	British Pound	128.80	129.31	129.57	130.08	130.34
CAAM7	Canadian Dollar	72.91	73.16	73.30	73.54	73.68
SFAM7	Swiss	100.26	100.49	100.93	101.16	101.60
DAAM7	Australian Dollar	74.28	74.59	74.71	75.02	75.14

Calculations based on previous session. Data collected 04/28/2017

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